



## CONSIDERING LONG-TERM CARE INSURANCE WITH YOUR FINANCIAL ADVISOR AT RPG FAMILY WEALTH ADVISORY

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**Fact: Some 42% of Americans who reach the age of 70 can expect to utilize some type of long-term care during the remainder of their lives.<sup>1</sup>**

*“A little planning goes a long way. Long term care insurance can be a valuable extension of your financial and retirement plans.”*

That could be you, your spouse, a parent or other relative. And if you think a long illness is devastating physically and emotionally, imagine what it can do to you financially:

Considering that the average cost of nursing home care is approximately \$75,000 a year and home care costs can reach more than \$200 a day, long term care insurance makes a lot of sense for millions of Americans.<sup>2</sup>

You’ve worked long and hard to get the things you have. With today’s market volatility, make sure you have your long term care costs covered.

There is an affordable alternative for safeguarding your savings: long term care insurance. The annual premium or one-time lump sum premium for a long term care insurance policy may cost less than a few months’ stay in a nursing home, and could help you protect your assets and your freedom to choose the type of care you want.



Plan Well. Invest Well. Live Well.

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<sup>1</sup> Agency for Health Care Policy and Research, PR Newswire, 6/19/01

<sup>2</sup> Chicago Tribune 6/19/01

## WHO SHOULD CONSIDER LONG-TERM CARE INSURANCE?

- Best candidates are retired or pre-retired individuals between ages 55 and 75 and have at least \$200,000 in assets to protect.
- Those under age 55 may want to purchase long term care protection for their parents, or for themselves since the price may be lower at a younger age.
- Since insurance is medically underwritten, candidates should be in reasonably good health.

## Choosing the Right Plan

- The cost of a plan, in terms of annual premiums or single premium policies, plays a large role in determining what type of long term care coverage is best for you. A range of options is available. Your RPg Family Wealth Advisory team can review these options with you and your family to help determine what is appropriate. Below are some guidelines to consider:
- Long-term care policies are more inclusive and flexible than they used to be. Most routinely cover: “functional” infirmities (such as needing substantial help to dress), physical impairment (such as a stroke) and cognitive impairment (such as Alzheimer’s disease).
- It’s best to avoid policies that require a hospital stay before you can collect benefits.
- Comprehensive plans can provide coverage for nursing home care, assisted-living facilities, home care and community-based care.
- You can lower premiums by selecting a more limited plan or:
  - Lowering the daily benefit amount
  - Choosing a shorter benefit period
  - Increasing the elimination period



## Tax Benefits

- New tax laws consider premiums for qualified long term care policies a medical expense.
- If your non-reimbursed medical expenses, including your long term care premiums, exceed 7.5% of your adjusted gross income, you can deduct all or a portion of your premiums.
- Benefits paid by long term care services are not taxable as income.

## What Features to Look for

- *Daily Benefit Amount.* The maximum benefit you will receive for any one day. Before choosing a benefit amount, you should find out the going rate for nursing homes or home health care in your area.
- *Benefit period.* Five-year plans are popular because 80% of all people who need care will need it for five years or less.<sup>3</sup> If you want to minimize your risk, a lifetime benefit period may be appropriate.
- *Elimination period.* This period, which acts like a deductible, should be selected based on the amount of time you are willing to pay for long term care expenses out-of-pocket before benefits begin. The most common choices are 20 days or 100 days.

Additionally, some companies offer inflation protection riders that increase your daily benefit amount over time, based on a specified rate.

Before buying a policy, be aware that the insurance company may raise the premium on your policy. It is a good idea to request information on the company's premium rate history.

## Is Your Retirement Plan Complete?

A little planning goes a long way. Long term care insurance can be a valuable extension of your financial and retirement plans. With a little foresight, you can safeguard your savings against the potential risk of long term care expenses so that you can enjoy the retirement you've planned for. If you'd like additional information on long term care insurance and retirement planning, contact your RPg Family Wealth Advisory team.



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<sup>3</sup> Longtermcare.gov

**Sources:** Agency for Health Care Policy and Research, Chicago Tribune

### **IMPORTANT DISCLOSURES**

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